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# Message Text

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ORIGIN SNM-02

INFO OCT-01 AF-06 ISO-00 EB-07 XMB-02 AID-05 TRSE-00

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COME-00 CIEP-01 FRB-03 OPIC-03 SSO-00 NSCE-00 INRE-00

NSC-05 SS-15 L-03 IO-10 /078 R

DRAFTED BY S/NM:SBVANCE:SCT
APPROVED BY AF:JJBLAKE
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AF/EPS:RDUNCAN
---------- 107698
O 272338Z AUG 75
FM SECSTATE WASHDC
TO AMEMBASSY KINSHASA IMMEDIATE

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E.O. 11652: N/A

TAGS: EGEN, ECON, EFIN, CG

,U0J:CT: INABILITY OF GOZ TO MAKE PAYMENTS
REFERENCE: KINSHASA 7831
1. WE ARE RELIEVED AT CLARIFICATIONS YOU WERE ABLE OBTAIN FROM BISENGIMANA REGARDING ZAIRIAN GOVERNMENT'S POSITION ON PAYMENTS DUE FOREIGN CREDITORS (REFTEL).

2. OBVIOUSLY, WE TRUST THAT PAYMENTS DUE EXIMBANK AND OTHER U.S. GOVERNMENT ENTITIES WILL BE MADE SOONEST. EQUALLY IMPORTANT ARE PAYMENTS DUE ON OTHER MEDIUM AND LONG-TERM LOANS, PARTICULARLY THOS: IN WHICH AMERICAN BANKS ARE PLAY-ING LEAD ROLES.

3. UNTIL THE ZAIRIAN GOVERNMENT'S NEGOTIATIONS WITH THE INTERNATIONAL MONETARY FUND FOR STANDBY ARE COMPLETED AND
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ZAIRIAN EFFORTS TO PUT ITS PAYMENTS SITUATION ON A RATIONAL

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BASIS BEGIN TO BE EFFECTIVE, THERE WILL BE PERIOD OF LACK OF SYMMETRY BETWEEN FOREIGN EXCHANGE AVAILABILITIES AND PAYMENTS DUE. THIS WILL RESULT IN SOME DELAYS IN PAYMENTS BUT WOULD PRESUMABLY NOT BE VIEWED AS INABILITY TO PAY IF EXPLANATIONS OF DELAYS AND OF PAYMENT PLANS, AS WELL AS AUSTERITY PROGRAMS BEING ADOPTED, ARE CONVEYED TO KEY

CREDITORS. LEAD BANKS SHOULD BE PUT IN A POSITION TO EXPLAIN TO SMALLER BANKS WHAT IS GOING ON AND WHY IT IS IN THEIR INTEREST TO BE PATIENT. FINALLY, THERE IS THE NEED TO ASSURE THAT PRINCIPAL HOLDERS OF SHORT-TERM PAPER AGREE SOONER OR LATER TO "ROLL OVER". IT IS APPARENT THAT ZAIRE HOPES BOTH GROUPS WILL NOT TALK OF DEFAULT OR MORATORIUM AND ALSO WISHES TO AVOID A FORMAL CONCLAVE OF CREDITORS.

4. SUGGESTION THAT FRIEDMAN OF FNCB MIGHT BE ABLE TO PLAY A ROLE WHICH COULD BE OF HELP TO THE ZAIRIAN GOVERNMENT HAS MERIT. HOWEVER, GOZ SHOULD GIVE HIM SOME SORT OF STANDING IF HE IS TO BE HELPFUL ON A WIDER FRONT THAN JUST FNCB, IMPORTANT AS THAT WOULD BE. HE HAS ASSURED US THAT HE WOULD BE DISCREET AND WOULD ACT INFORMALLY. HE PLANS TO ATTEND NEXT WEEK'S MEETING IN WASHINGTON OF THE GOVERNORS OF CENTRAL BANKS AND MINISTERS OF FINANCE, AS ONE OF THE OBSERVERS REPRESENTING PRIVATE BANKS. IF BISENGIMANA COULD OBTAIN MOBUTU'S INSTRUCTION TO FINANCE MINISTER AND GOVERNOR AND COLLEAGUES TO TALK TO FRIEDMAN ALONG THESE LINES IN WASHINGTON NEXT WEEK, WE BELIEVE THIS WOULD BE HELPFUL. HE COULD MEET WITH ONE OR MORE OF THEM ALONE, OR WITH DINI OR WITH VANCE, OR PERHAPS ZAIRIANS WOULD PREFER MEET WITH EACH SINGLY. PLEASE INFORM US. FOLLOWING SUCH DISCUSSIONS, IF ZAIRIANS WISH, FRIEDMAN COULD VISIT ZAIRE. INGERSOLL

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